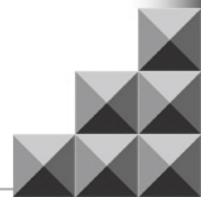




Municipal Service Review Report for Los Alamitos / Seal Beach / Rossmoor / Sunset Beach (MSR 03-28)

March 9, 2005

Appendix B: STAKEHOLDER WORKING GROUP'S 20-YEAR VISION PLAN











Los Alamitos/Seal Beach/Rossmoor/Sunset Beach "20-Year Vision Plan"

"The purpose of the Municipal Service Review (MSR) Stakeholder Working Group is to develop a 20-year vision plan which addresses future governance and municipal service delivery issues in the MSR focus area. The vision plan will be based on sound demographic, technical, and fiscal data, and designed to maintain or enhance the quality of life within the MSR focus area."

Adopted by the Los Alamitos/Seal Beach/Rossmoor/Sunset Beach Working Group, January 22, 2004

Introduction

The genesis for a 20-year vision plan for the Los Alamitos/Seal Beach/Rossmoor/Sunset Beach began in the year 2000. At that time, the State Legislature adopted a new law – Assembly Bill 2838 – which requires Local Agency Formation Commissions (LAFCOs) throughout the state to conduct Municipal Service Reviews (MSRs).

What are LAFCOs?

LAFCOs were created in the early 1960s primarily as boundary agencies. Significant population growth in California following World War II resulted in the proliferation of new cities and districts. Unfortunately, many of these cities and districts were formed with little forethought which led to a multitude of overlapping, inefficient jurisdictional and service boundaries. To respond to California's sprawling growth, Governor Pat Brown created LAFCOs (one in each of California's 58 counties) to oversee the orderly creation of new cities and districts and the annexation of new territory to these agencies.

More recently, state and local agencies have been wrestling with how to accommodate a projected statewide population increase of 11 million people by 2020. For LAFCO, the key challenge has been how to address an array of social and economic policy issues such as affordable housing, water supply, protection of agricultural and open space lands, environmental quality, and an increasing aging infrastructure (e.g. roads, pipelines, bridges, etc.).

What LAFCOs Can and Cannot Do

LAFCOs cannot, on their own, initiate annexation of unincorporated territory to a city, form a new city, or consolidate two or more cities into a single city. In addition, LAFCOs cannot, on their own, form Joint Powers Authorities (JPAs) or Community Services Districts (CSDs). For LAFCO to even consider these types of proposal, they would have to be initiated by either the affected agencies (i.e., districts or cities) or the residents of the affected areas, and an application would have to be filed with LAFCO. LAFCOs do, however, have the authority to reorganize special districts, approve and amend agency spheres of influence, and among its other duties, conduct Municipal Service Reviews.

Municipal Service Reviews (MSRs)

MSRs look at how services are currently provided in a specific geographic area and evaluate future growth and other changes that may occur in that area over the next 15 to 20 years. The MSR also identifies potential "gaps" or shortfalls in services and potential opportunities to alleviate those gaps. The new statutory language, Government Code Sections 56425 and 56430, requires LAFCO to consider specific

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criteria when conducting service reviews. Copies of Government Code Sections 56425 and 56430 can be found in **Attachment 1** of the appendix of this report.

Vision Plan

Orange County LAFCO specifically designed their MSR process to include a "stakeholder" vision plan process to provide LAFCO with a clear picture of how residents, cities, and special districts view the challenges and opportunities facing their communities over the next 20 years. While the MSR report will be written by LAFCO staff, the vision plan is solely the work of the stakeholder working group (SWG).

The alternatives presented in the vision plan do not preclude additional service or governance options. They are a first step for the community to explore alternative service and governance options for their communities should they choose to do so.

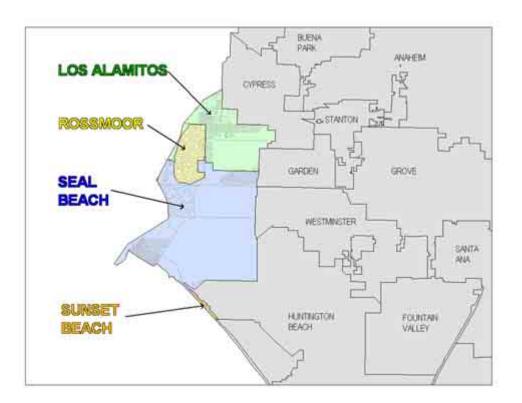
Composition of the Stakeholder Working Group (SWG)

The make-up of the SWG was designed to include representatives from the affected agencies and communities within the focus area. The SWG members included:

Los Alamitos/Seal Beach/Rossmoor/Sunset Beach MSR Stakeholder Working Group	
Stakeholder Group	Representatives
City of Los Alamitos	Henry Taboada, City Manager
	John Godlewski, Director of Community
	Development
	Will Daniel, Public Representative (appointed
	by City Manager)
City of Seal Beach	John Bahorski, City Manager
	Nick Rini, Public Representative (appointed
	by City Manager)
Rossmoor Community	Erwin Anisman, President (appointed by
Services District	Board Supervisor)
Rossmoor/Los Alamitos	Susan Bell, General Manager
Sewer District	
Sunset Beach Sanitary	Bob Hendler, Director (appointed by Board
District	Supervisor)
Unincorporated Community	Russ Lightcap, Public Representative
of Rossmoor	(appointed by Board Supervisor)
Unincorporated Community	Gretchen Hoad, Public Representative
of Sunset Beach	(appointed by Board Supervisor)
County of Orange	Don McIntyre (appointed by Board
	Supervisor to represent County)
LAFCO	Bob Aldrich, Assistant Executive Officer
	Carolyn Emery, Project Manager

Location

A map of the focus area, included below, identifies the geographic boundaries of the study area.



Agency Profiles

Profiles for each of the agencies represented on the SWG are included in **Attachment 2** of the appendix of this report. The profiles include the size of the agency, population served, how the agency is governed, and the different services provided by each agency.

SWG Identification of Key Issues/Challenges

The SWG began its year-long visioning process in January 2004. The group meetings were led by a professional facilitator, Sharon Browning. The working group met approximately every six weeks, and all meetings were open to the public. SWG representatives were encouraged to keep their respective city councils, boards and constituents informed of the vision plan process. Each SWG member was also encouraged to provide feedback from their respective agencies and communities to the working group for consideration. The ninth and final meeting of the working group will be held on December 16, 2004.

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In its early meetings, the Working Group identified the following issues and challenges facing the Los Alamitos/Seal Beach/Rossmoor/Sunset Beach communities in the next 20 years:

- ➤ **Financial Stability** maintaining the long-term fiscal health of the agencies within the MSR area so that they can continue to provide efficient and high quality services to residents
- > **Self Governance –** empowering local residents so their voices and concerns can be heard and addressed by decision makers
- ➤ Public Safety, Schools, Parks and Recreation providing adequate funding to ensure that quality schools, park and recreation services, and public safety programs are maintained or enhanced
- ➤ Maintaining the Current Quality of Life providing quality public services, compatible land uses, and responsive governance to ensure the high quality of life presently enjoyed in the MSR area will continue into the future
- ➤ Maintaining Individual Community Independence and Identity ensuring that individual communities within the MSR area maintain their unique identity and character

Quantifiable "Quality of Life" Criteria

Both "quantifiable" and "non-quantifiable" criteria were developed by the SWG to assess quality of life issues within their community. Development of these criteria, while challenging, can be an important tool for residents to use in evaluating future fiscal and governance alternatives for the focus area.

The criteria represent a "starting point" and it is understood that area residents and agencies can continue to revisit and refine these criteria. The quantifiable, or measurable, quality of life criteria developed by the SWG are listed below:

Fiscal viability of service provider

- ➤ Service providers have sufficient revenue to cover costs
- ➤ Service providers have reserves to cover at least 6 months of expenses

Parks

- ➤ 2.5 acres of park per 1,000 population
- ➤ A variety of recreational services and facilities for all ages are offered

Coastal areas

- Existing Public access to beaches is maintained or enhanced
- ➤ Beach water quality meets public health standards to allow swimming and other water/recreation activities.
- ➤ No beach closures due to sub-standard water quality

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Schools

- > Student/teacher ratios within the Los Alamitos School District are equal to or lower than student/teacher ratio averages countywide
- ➤ State test scores consistently rank the Los Alamitos School District in the top 50 percent of Orange County public school districts

Public services

- ➤ A full spectrum of public services is provided: police, fire, utilities, code enforcement, public works and planning
- ➤ A full spectrum of public services is fully funded

Mobility

- ➤ Maintain a Level of Service "D" or better on all arterials and at intersections
- Public transit is available and rated as accessible by key "user populations" (seniors, youth, commuters)

Housing

➤ Sufficient housing is provided to meet the housing needs of existing and future residents without overcrowding, as defined by the Bureau of the Census

Commercial areas

Commercial areas offering a variety of goods and services are located within ½ mile of the majority of residents

"Non-Quantifiable" Quality of Life Criteria

The working group also identified additional "quality of life" criteria that were not as easy to measure. These criteria represent community characteristics that are valued by residents within the focus area. The non-quantifiable characteristics include:

- ➤ People of all ages feel safe and comfortable walking the streets and using parks.
- ➤ Buildings, businesses and homes reflect a distinctive charm that helps maintain a unique identity and feel of a small town.
- ➤ Community activities are compatible with family values and lifestyles.
- ➤ The area is clean, well maintained and attractive.
- Goods and services are available in the immediate area and access to all modes of transportation is maintained.
- ➤ Residents are empowered; residents experience their governing bodies as accessible, responsive and honest.

Collection of Data

The SWG Group, using LAFCO staff and the services of the certified public accounting firm of Conrad Business Associates, Inc., compiled extensive demographic and fiscal data for the focus area. The data was compiled individually for each community and agency within the focus area. In addition, LAFCO used the consulting firm of Scott Bryant & Associates to conduct a cost comparison study of police and sheriff costs. A

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summary of the demographic and fiscal data and the police/sheriff cost comparison study are included as **Attachments 3 and 4**, respectively, in the appendix of this report.

Identification of Gaps

The SWG, using the quality of life criteria they developed in conjunction with the demographic and fiscal data set compiled by consultants and LAFCO staff, identified a number of challenges facing the focus area in the next 20 years. Each of the gaps can be characterized as either "fiscal" or "governance" related.

Fiscal

- Lack of funding for agencies
- Maintaining the existing quality of life given funding constraints

Governance

- ➤ Enhanced agency/community coordination
- ➤ Leadership
- Maintaining distinct identities

The Vision Plan

In developing a list of potential governance and service options for the MSR area, the SWG examined a wide range of options. The following were identified by the SWG as potential options for improving how services and governance can be improved within their area: (1) formation of a Community Services District within Sunset Beach; (2) activation of the latent powers of the Rossmoor Community Services District to provide additional services; (3) establishment of a Ad Hoc Elected Officials Committee; (4) establishment of a Joint Powers Authority or another less formal mechanism, consisting of the cities of Seal Beach and Los Alamitos, special districts, and the County of Orange; and (5) establishment of a Planning Advisory Council within Rossmoor.

Implementation of any of these options will require additional study. As stated previously, the alternatives outlined in the vision plan do not preclude additional service or governance options; rather, they are a first step in identifying service and governance options which may help to address the SWG's concerns for the future while maintaining the quality of life that these communities presently enjoy.

Each of these options is explained in more detail below. Other alternatives – incorporation or annexation of the unincorporated communities of Rossmoor and Sunset Beach – were also considered by the SWG. These options were not recommended by the SWG because of fiscal constraints, political considerations and/or

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strong resident opposition. These options are described more fully at the end of the vision plan.

The SWG is not recommending any specific options or opportunities for the Sunset Beach Sanitary District at this time. The reason is that the SBSD does not share any common facilities, infrastructure or right of way with any of the stakeholder working group entities other than the community of Sunset Beach itself and Surfside Colony.

Options Identified by the SWG Warranting Further Study

1. Form a Community Services District in Sunset Beach

At the present time the citizens of Sunset Beach have little control over municipal services provided in their community. Most services are provided by the County of Orange and other regional service providers. A variety of service issues exist, including the need for a higher level of traffic and parking enforcement. The formation of a Community Services District in the Sunset Beach area would provide a basis for addressing these issues by establishing local control and creating a local revenue base.

If formed, the Sunset Beach Community Services District would be locally governed by an elected board of directors. Further study is needed to determine cost savings, the source of funding for any increased level of service the County now provides or additional services and the efficacy of making a change.

A Community Services District formed in Sunset Beach might provide the following services:

- Establishment of parking regulations and related enforcement. As a beach community, Sunset Beach is affected by visitors coming into the community to enjoy the beach. These visitors are part of the area's economic base, providing recreation-oriented retail sales in the area. The visitors also cause congestion at peak visitation times (weekends) and parking problems in both commercial areas and residential areas. A CSD, if formed, might provide parking enforcement to increase the revenue from fines levied for violations.
- Road and drainage maintenance. If formed, the CSD could provide road and drainage infrastructure maintenance and improvements in Sunset Beach through direct contracts.
- <u>Parks and recreation programs</u>. As a relatively small urban area, Sunset Beach relies upon surrounding communities for recreation programs and activities. If formed, the CSD could develop fee-funded recreation programs in the

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community and cooperate with surrounding jurisdictions to enhance parks and recreation services available to residents, surrounding communities, and visitors to the community.

- Enhanced law enforcement. A CSD can provide the primary police protection for its service area, or provide enhanced security services through a contract with the County Sheriff. This structure usually requires an agreement with the Sheriff to continue to quantify and provide the existing level of service. The agreement would specify the additional services requested; for example, it could specify that a patrol unit would remain in Sunset Beach "24-7". It could also specify that the Sheriff would provide traffic (vehicle code) enforcement. Enhanced police protection, if supported by the community, would require additional source of funding, such as a voter-approved parcel tax or special taxes. However, since the existing level of service in Sunset Beach is deficient as indicated in the Police Services Comparison Survey, the determination of the amount of enhancement, if any, would need further study.
- <u>Beach maintenance</u>. Beach maintenance for County beaches is provided by County Services Area #26. This service might be added to a CSD.
- <u>Landscape maintenance</u>. This service authority would allow the CSD to improve and maintain street trees, landscaped medians, and other publicly maintained landscaping in the community.

The procedures required to legally form a Community Services District are included in **Attachment 5** of the appendix of this report.

2. Activate latent powers of the Rossmoor Community Services District

At the present time the Rossmoor Community Service District provides parks and recreation services, street lighting, median landscaping maintenance, street sweeping and parkway tree planting, trimming and removal services to the residents of Rossmoor. CSD's have statutory authority to provide a wide range of municipal services but these powers must be specifically authorized at the time of formation or as an amendment. Sufficient funding to support additional CSD services within Rossmoor would require an enhanced revenue base. Further study is needed to determine cost savings, the source of funding for any increased level of service the County now provides or additional services and the efficacy of making a change.

In order to improve services and local governance, the following services could be authorized in Rossmoor.

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• Enhanced law enforcement. A CSD can provide the primary police protection for its service area, or provide enhanced security services through a contract with the County Sheriff. This structure usually requires an agreement with the Sheriff to continue to quantify and provide the existing level of service. The agreement would specify the additional services requested; for example, it could specify that a patrol unit would remain in Rossmoor "24-7". It could also specify that the Sheriff would provide traffic (vehicle code) enforcement. Enhanced police protection, if supported by the community would require an additional source of funding, such as a voter-approved parcel tax or special taxes. However, since the existing level of service in Rossmoor is deficient as indicated in the Police Services Comparison Survey, the determination of the amount of enhancement, if any, would need further study.

The required procedures to activate a Community Services District's latent powers are included as **Attachment 6** of the appendix to this report.

3. Establish an Ad Hoc Elected Officials Committee

The SWG has identified common municipal service issues and concerns in the MSR area. SWG members have concluded that enhanced cooperation among all of the agencies might result in improvements to municipal services, agency responsiveness, and public participation.

If established, an Ad Hoc Elected Officials Committee, consisting of elected officials serving ex officio, along with appointed members, could be responsible for implementation of the vision plan and, on an ongoing basis, identifying and addressing service and governance issues of concern.

4. Joint Powers Authority or another less formal mechanism, consisting of the cities of Seal Beach and Los Alamitos, special districts, and the County of Orange.

As an initial organizing effort, a group of agency and community representatives – an Ad Hoc Elected Officials Committee - could explore the formation of a Joint Powers Authority (JPA). A JPA would enable agencies to direct common resources in ways that improve the efficiency of municipal services and/or improve service levels. Effectively, a JPA is a contract between the parties. While the individual elected bodies would need to ratify the JPA, the Ad Hoc Elected Officials Committee could manage the JPA's activities.

A JPA might expand needed services, as well as achieve cost efficiencies and savings. For example, departmental overhead of public agencies, which can

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comprise 10-15% of costs, potentially can be reduced by up to one-third, depending on the specific services and types of savings (e.g., staffing, etc.). Other savings may be achieved through consolidated contracts and improved bid competition; efficiencies may occur to the extent that facility costs are more broadly shared.

The JPA could be authorized to exercise any of the powers of the participating entities in a joint manner. Forming (or modifying) the CSD's is an important precursor to the JPA because this will enable the unincorporated portions of the MSR area to participate in the JPA. At this time several municipal services could be considered for the JPA.

- <u>Landscape maintenance</u>. Joint approach to landscape maintenance might allow the individual communities to pool resources and to contract for services. It is assumed that such an approach would offer ways to improve services and lower unit costs.
- Recreation programs. Existing recreation programs in the individual communities could be expanded and enriched through cooperation. Sharing of facilities, creating a single staff and program offerings might improve recreation opportunities in each of the communities and potentially reduce unit costs.
- Road and drainage maintenance. Each of the participating communities faces similar problems with road and drainage maintenance. A cooperative approach to maintenance might allow lower unit costs (through economies of scale in contracting) and improve opportunities for attracting outside (state and federal) funding.
- <u>Law enforcement</u>. While the two cities will retain their independent police forces, higher levels of cooperation between the incorporated and unincorporated areas (beyond standard mutual aid) has the potential for lowering costs and improving services. Such opportunities could be explored to determine whether cost savings or service improvements are possible.

The required procedures to legally form a Joint Powers Authority are included as **Attachment 7** of the appendix to this report.

5. Establishment of a Planning Advisory Committee in Rossmoor

The SWG expressed interest in the potential formation of a formal, planning review body that could oversee planning and land use issues within Rossmoor. Two options were identified:

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- Formation of a Planning Advisory Committee (PAC) which would be an authorized planning review body to the County Board of Supervisors. The PAC would act as a formal voice for Rossmoor in transmitting comments and recommendations on planning issues and discretionary permits within Rossmoor to the Orange County Planning Commission and Board of Supervisors; or
- Requesting authorization from the County Board of Supervisors to allow appointed or elected Rossmoor representatives to act on behalf of the Orange County Planning Commission for all planning-related issues within Rossmoor. This option would transfer all of the Orange County Planning Commission's review and approval authority on planning issues within Rossmoor to local community representatives.

Options Considered by the SWG but Not Recommended for Further Study at this Time

1. Incorporation of Sunset Beach or Rossmoor

Changes in incorporation law make the formation of new cities within California difficult, if not impossible. These changes include:

- Requirements that new cities make counties fiscally "whole" for any loss of revenue as a result of incorporation ("revenue neutrality")
- Formerly, new cities could collect vehicle licensing fees ("VLF") at a rate of seven times the number of registered voters within the incorporation territory. This provided a substantial revenue stream during the first seven years of cityhood to build a budget reserve. The State no longer allows new cities to collect VLF using the enhanced formula.

In addition, Rossmoor is a predominantly residential community, with a per capita sales tax of only \$20. The costs of providing municipal services for Rossmoor are not offset by property taxes. With limited sales tax revenues, the incorporation of Rossmoor would only be fiscally viable with a substantial voterapproved parcel tax or some other source of funding.

Sunset Beach, with a population of 1,319, is a popular beach destination for the public. Largely because of its coastal location, public safety costs on a per capita basis for Sunset Beach (\$728) are significantly higher than Seal Beach (\$106), Rossmoor (\$106) or Los Alamitos (\$190). With substantial public safety costs, a small population, and limited sales tax revenue, the incorporation of Sunset Beach would only be fiscally viable with a substantial voter-approved parcel tax or some other source of funding.

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2. Annexation of Rossmoor or Sunset Beach

In 2001, LAFCO conducted a preliminary fiscal analysis of the annexation of Rossmoor to the City of Los Alamitos to determine if annexation was even fiscally feasible. Using Fiscal Year 2001-2001 revenues and expenditures, annexation of Rossmoor to the City of Los Alamitos would result in a General Fund operating deficit for the City of Los Alamitos of \$400,215. Although this would be partially offset by a road fund surplus of \$168,808, annexation would still result in an overall net fiscal loss to the City of Los Alamitos. Because of Rossmoor's low per capita sales tax revenue, and predominantly residential land use, LAFCO staff concluded that annexation of Rossmoor to the City of Seal Beach would also result in a similar net fiscal loss to the City of Seal Beach.

LAFCO staff also concluded that the annexation of Sunset Beach to the City of Seal Beach would result in a fiscal loss to the City. Sunset Beach's high per capita public safety costs and relatively low sales tax generation would present significant fiscal challenges for an annexing city.

In addition, both the City of Los Alamitos and the City of Seal Beach SWG representatives have expressed no interest in annexation of these areas. Their cities would not initiate annexation without full support of the residents and no negative fiscal impact to their cities. As stated previously, LAFCO cannot, on its own, initiate annexation proceedings. For these reasons, the SWG determined that annexation of Rossmoor or Sunset Beach was not a viable option.

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Problems for Incorporations and Annexations

The uncertainty of local governance finance and the probability of further uncertainties at the state level will create future fiscal barriers to incorporations and annexations.

The funding structure for local government, including cities, counties and special districts, significantly changed in 2004. The budget act of 2004 and Proposition 1a implemented a number of changes in how local revenues are allocated to help the State deal with the ongoing budget crisis. These changes in revenue allocation have a significant financial effect on the incorporation of new cities and the annexation of unincorporated territory to existing cities.

Incorporations

Prior to July 1, 2004, newly incorporating cities were allowed to collect Motor Vehicle Licensing Fees (VLF) based on three times the number of registered voters for seven years. This provided a significant funding source for a new city and provided a means to build reserves during the initial years of cityhood. Under the state's revised funding structure, new cities will no longer receive the VLF "bump". In addition, newly incorporated cities will not receive property tax in lieu of VLF. These changes, along with revenue neutrality, effectively prevent any new incorporation within California.

Annexations

Annexation of unincorporated territory, particularly developed areas, is also impacted by the new state funding structure. As a result of the State permanently reducing the VLF from 2.0% to 0.65% of the value of a vehicle, cities will receive less than 10% of the VLF revenue they would have received under prior law. The difference will come to cities in additional property tax. The amount of "property tax in lieu of VLF" a city will receive is based on the amount of assessed valuation in a city's boundaries.

The "property tax in lieu of VLF" revenues coming to a city as a result of annexation is now limited to increases in the growth in assessed valuation in the annexing territory. The effect of this is to substantially reduce the added revenues that come with annexation, depending on the build-out of the area upon annexation. The more fully built out the area prior to annexation, the greater the revenue loss for the annexing city.

A detailed description of the changes in local government funding and its impacts on incorporations and annexations, prepared by the consulting firm of Dudek & Associates, is included in **Attachment 8** of this report.

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Next Steps

- 1. SWG to consider adoption of Draft Vision Plan at December 16, 2004 MSR meeting.
- 2. SWG to present Draft Vision Plan to respective councils, boards, and communities December through March 2004.
- 3. LAFCO staff to prepare MSR report for Commission consideration in February/March 2004.

ATTACHMENT 1 GOVERNMENT Code Sections 56425 and 56430

(REFER TO "APPENDIX A" OF MSR REPORT)

Municipal Service Review Law

Government Code Section 56430

56430. (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the subregion, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

- (1) Infrastructure needs or deficiencies.
- (2) Growth and population projections for the affected area.
- (3) Financing constraints and opportunities.
- (4) Cost avoidance opportunities.
- (5) Opportunities for rate restructuring.
- (6) Opportunities for shared facilities.
- (7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.
 - (8) Evaluation of management efficiencies.
 - (9) Local accountability and governance.
- (b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area.
- (c) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or Section 56426.5 or to update a sphere of influence pursuant to Section 56425.
- (d) Not later than July 1, 2001, the Office of Planning and Research, in consultation with commissions, the California Association of Local Agency Formation Commissions, and other local governments, shall prepare guidelines for the service reviews to be conducted by commissions pursuant to this section.

Sphere of Influence Law

Government Code Section 56425

- 56425. (a) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.
- (b) At least 30 days prior to submitting an application to the commission for a determination of a new sphere of influence, or to update an existing sphere of influence for a city, representatives from the city shall meet with county representatives to discuss the proposed sphere, and its boundaries, and explore methods to reach agreement on the boundaries, development standards, and zoning requirements within the sphere to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere. If no agreement is reached between the city and county within 30 days, then the parties may, by mutual agreement, extend discussions for an additional period of 30 days. If an agreement is reached between the city and county regarding the boundaries, development standards, and zoning requirements within the proposed sphere, the agreement shall be forwarded to the commission, and the commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section, and the commission shall give great weight to the agreement in the commission's final determination of the city sphere.
- (c) If the commission's final determination is consistent with the agreement reached between the city and county pursuant to subdivision (b), the agreement shall be adopted by both the city and county after a noticed public hearing. Once the agreement has been adopted by the affected local agencies and their respective general plans reflect that agreement, then any development approved by the county within the sphere shall be consistent with the terms of that agreement.
- (d) If no agreement is reached pursuant to subdivision (b), the application may be submitted to the commission and the commission shall consider a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section.
- (e) In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:
- (1) The present and planned land uses in the area, including agricultural and openspace lands.

- (2) The present and probable need for public facilities and services in the area.
- (3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- (4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
- (f) Upon determination of a sphere of influence, the commission shall adopt that sphere, and shall review and update, as necessary, the adopted sphere not less than once every five years.
- (g) The commission may recommend governmental reorganizations to particular agencies in the county, using the spheres of influence as the basis for those recommendations. Those recommendations shall be made available, upon request, to other agencies or to the public. The commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.
- (h) When adopting, amending, or updating a sphere of influence for a special district, the commission shall do all of the following:
- (1) Require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.
- (2) Establish the nature, location, and extent of any functions or classes of services provided by existing districts.
- (i) Subdivisions (b), (c), and (d) shall become inoperative as of January 1, 2007, unless a later enacted statute, that becomes operative on or before January 1, 2007, deletes or extends that date.

ATTACHMENT 2 AGENCY/ COMMUNITY PROFILES



CITY OF LOS ALAMITOS

CITY OF LOS ALAMITOS (INCORPORATED MARCH 6, 1960)

DEMOGRAPHICS:

- ❖ POPULATION (2000 CENSUS): 11.817
- ❖ PROJECTED 2020 POPULATION: 13,490
- ❖ SIZE OF SERVICE AREA: 4 SQ. MILES, WHICH INCLUDES JOINT FORCES MILITARY BASE (SEE ATTACHED MAP)

GOVERNANCE:

❖ INCORPORATED IN 1960 5-MEMBER CITY COUNCIL; ELECTED AT-LARGE TO STAGGERED 4-YEAR TERMS; CEREMONIAL MAYOR SELECTED ANNUALLY

FY 2002-2003:

<u>REVENUES</u>: <u>EXPENDITURES</u>: <u>RESERVES</u>: \$12,850,066 \$11,827,000 \$11,979,635

INFRASTRUCTURE/PUBLIC FACILITIES:

♦ EMPLOYEES: 58

❖ SERVICES PROVIDED BY CITY: LEGISLATIVE/EXECUTIVE

POLICE

COMMUNITY DEVELOPMENT

PUBLIC SERVICES

PARKS, REC, & COMM SVCS

SELF INSURANCE

STREET MAINTENANCE

SERVICES PROVIDED BY OTHER AGENCIES: FIRE & PARAMEDIC SVCS

(OCFA)

SEWER (ROSSMOOR/LOS ALAMITOS SEWER DISTRICT) WATER (SO. CALIFORNIA

WATER CO.)

❖ SERVICES PROVIDED BY CITY ANIMAL CONTROL (CITY OF

THRU CONTRACT: LONG BEACH)

POLICE DISPATCH (JPA W/CYPRESS AND SEAL

BEACH)

SOLID WASTE (BRIGGEMANN)



CITY OF SEAL BEACH

CITY OF SEAL BEACH (INCORPORATED 1915)

DEMOGRAPHICS:

- ❖ POPULATION (2000 CENSUS): 24,157
- ❖ PROJECTED 2020 POPULATION: 29,244

SIZE OF SERVICE AREA: 13.23 SQ. MILES (SEE ATTACHED MAP)

GOVERNANCE:

- ❖ INCORPORATED IN 1915
- ❖ 5-MEMBER CITY COUNCIL; ELECTED BY DISTRICT TO 4-YEAR TERMS; COUNCIL-MANAGER GOVERNMENT

FY 2002-2003:

<u>REVENUES</u>: <u>EXPENDITURES</u>: <u>RESERVES</u>: \$29,852,941 \$26,043,170 \$22,087,725

INFRASTRUCTURE/PUBLIC FACILITIES:

♦ EMPLOYEES: 75 FULL-TIME; 20-70 PART-

TIME

❖ SERVICES PROVIDED BY CITY: LEGISLATIVE / EXECUTIVE

POLICE SEWER WATER

COMMUNITY DEVELOPMENT

PUBLIC SERVICES

PARKS, REC, & COMM SVCS

SELF INSURANCE STREET MAINTENANCE BEACH MAINTENANCE ANIMAL CONTROL

◆ SERVICES PROVIDED BY OTHER AGENCIES: FIRE & PARAMEDIC SVCS

(OCFA)

❖ SERVICES PROVIDED BY CITY POLICE DISPATCH (JPA THRU

CONTRACT W/CYPRESS AND LOS

ALAMITOS)

SOLID WASTE (NOT KNOWN)



ROSSMOOR/LOS ALAMITOS AREA SEWER DISTRICT

ROSSMOOR/LOS ALAMITOS SEWER DISTRICT (FORMED MAY 1952)

DEMOGRAPHICS:

- ❖ POPULATION SERVED: 24,800 (WHICH INCLUDES LOS ALAMITOS, PORTIONS OF SEAL BEACH, LONG BEACH, AND CYPRESS)
- ❖ Projected population served at build out: 26.800
- ❖ SIZE OF SERVICE AREA: **6.2 SQ. MILES** (SEE ATTACHED MAP)

GOVERNANCE:

♦ ENABLING ACT: 1952

❖ 5-MEMBER BOARD; ELECTED TO STAGGERED 4-YEAR TERMS

FY 2002-2003:

<u>REVENUES</u>: <u>EXPENDITURES</u>: <u>RESERVES</u>: \$326,892 \$538,837 \$1,635,312

INFRASTRUCTURE/PUBLIC FACILITIES:

EMPLOYEES:

SERVICES PROVIDED BY DISTRICT:
SEWER COLLECTION SERVICES

1

❖ MILES OF SEWER MAINS: 56.4 MILES

❖ AGE OF INFRASTRUCTURE:
 72% IS 45 YEARS OLD
 23% IS 35 YEARS OLD

${\cal R}$ OSSMOOR ${\cal C}$ OMMUNITY ${\cal S}$ ERVICES ${\cal D}$ ISTRICT

ROSSMOOR COMMUNITY SERVICES DISTRICT (FORMED 1986)

DEMOGRAPHICS:

❖ POPULATION SERVED: 10,300

❖ SIZE OF SERVICE AREA: 1.54 SQ. MILES (SEE ATTACHED MAP)

GOVERNANCE:

❖ ENABLING ACT: 1986

❖ 5-MEMBER BOARD; ELECTED AT LARGE TO 4-YEAR TERMS

FY 2002-2003:

<u>REVENUES</u>: <u>EXPENDITURES</u>: <u>RESERVES</u>: \$865,607 \$764,293 \$1,278,001

INFRASTRUCTURE/PUBLIC FACILITIES:

♦ EMPLOYEES: 4

❖ SERVICES PROVIDED BY DISTRICT: RECREATION & PARKS

STREET LIGHTING

MEDIAN LANDSCAPING

STREET SWEEPING

MAINTENANCE OF PARKWAY

TREES

MAINTENANCE OF SIGNATURE

WALL

SUNSET \mathcal{B} EACH SANITARY \mathcal{D} ISTRICT

SUNSET BEACH SANITARY DISTRICT (FORMED NOVEMBER 5, 1930)

DEMOGRAPHICS:

- ❖ POPULATION SERVED: 2,500 [WHICH INCLUDES SUNSET BEACH, PORTION OF SEAL BEACH (SURFSIDE COLONY), AND PORTION OF HUNTINGTON BEACH]
- ❖ SIZE OF SERVICE AREA: 160 ACRES (SEE ATTACHED MAP)

GOVERNANCE:

- ♦ ENABLING ACT: 1930
- ❖ 5-MEMBER BOARD; ELECTED AT-LARGE TO 4-YEAR TERMS

FY 2002-2003:

<u>REVENUES</u>: <u>EXPENDITURES</u>: <u>RESERVES</u>: \$550,436 \$554,451 \$1,029,674

INFRASTRUCTURE/PUBLIC FACILITIES:

♦ EMPLOYEES: 1 FULL-TIME; 3 PART-TIME

SERVICES PROVIDED BY DISTRICT: SEWER COLLECTION SERVICES

REFUSE COLLECTION

♦ AGE OF INFRASTRUCTURE:
68 YEARS OLD

UNINCORPORATED COMMUNITY OF ROSSMOOR

UNINCORPORATED COMMUNITY OF ROSSMOOR

DEMOGRAPHICS:

- ❖ POPULATION: 10,298 (CURRENTLY NOT WITHIN ANY CITY'S SPHERE OF INFLUENCE)
- ❖ SIZE OF SERVICE AREA: **989 ACRES** (SEE ATTACHED MAP)

GOVERNANCE:

- ❖ GOVERNED BY THE ROSSMOOR COMMUNITY SERVICES DISTRICT AND COUNTY OF ORANGE
- ❖ ROSSMOOR COMMUNITY IS REPRESENTED BY THE ORANGE COUNTY SUPERVISOR, SECOND DISTRICT

INFRASTRUCTURE/PUBLIC FACILITIES:

- ❖ MUNICIPAL SERVICES PROVIDED BY THE COUNTY OF ORANGE
- ❖ WATER SERVICES PROVIDED BY PRIVATE COMPANY (SOUTHERN CALIFORNIA WATER COMPANY)
- ❖ ROSSMOOR COMMUNITY SERVICES DISTRICT PROVIDES THE FOLLOWING SERVICES: RECREATION AND PARK SERVICES; STREET LIGHTING; MEDIAN LANDSCAPING, STREET SWEEPING, TREE MAINTENANCE, AND SIGNATURE WALL
- ❖ SEWER SERVICES PROVIDED BY THE ROSSMOOR/LOS ALAMITOS SEWER DISTRICT

UNINCORPORATED COMMUNITY OF SUNSET BEACH

UNINCORPORATED COMMUNITY OF SUNSET BEACH

DEMOGRAPHICS:

- ❖ POPULATION: 1,196 (CURRENTLY NOT WITHIN ANY CITY'S SPHERE OF INFLUENCE)
- ❖ SIZE OF SERVICE AREA: **84 ACRES** (SEE ATTACHED MAP)

GOVERNANCE:

❖ SUNSET BEACH COMMUNITY IS REPRESENTED BY THE ORANGE COUNTY SUPERVISOR, SECOND DISTRICT

INFRASTRUCTURE/PUBLIC FACILITIES:

- ❖ MUNICIPAL SERVICES PROVIDED BY THE COUNTY OF ORANGE
- WATER SERVICES PROVIDED BY THE CITY OF HUNTINGTON BEACH
- ❖ SEWER AND REFUSE SERVICES PROVIDED BY THE SUNSET BEACH SANITARY DISTRICT



COUNTY OF ORANGE (FORMED 1889)

DEMOGRAPHICS:

- ❖ POPULATION (2000 CENSUS): 2.98 MILLION (150,000 POPULATION IN UNINCORPORATED AREAS)
- ❖ Projected 2020 Population: 3.5 million
- ❖ SIZE OF SERVICE AREA: **789 SQ. MILES** (SEE ATTACHED MAP)

GOVERNANCE:

- ❖ FORMED IN 1889
- ❖ 5-MEMBER BOARD OF SUPERVISORS; ELECTED BY SUPERVISORIAL DISTRICTS TO 4-YEAR TERMS

BUDGET: (FY 2002-2003)

REVENUES: EXPENDITURES: RESERVES: \$4.91B \$0

INFRASTRUCTURE/PUBLIC FACILITIES:

❖ EMPLOYEES: 17,741

❖ REGIONAL SERVICE PROVISION: PUBLIC HEALTH,

ENVIRONMENTAL PROTECTION, REGIONAL PLANNING, SOCIAL SERVICES, AVIATION, PUBLIC

SAFETY, JAILS, DA, & REGIONAL PARKS

❖ GENERAL GOVERNMENT SERVICES: TAX COLLECTION, COUNTY

ASSESSOR, COUNTY
TREASURER, COUNTY
AUDITOR/CONTROLLER,
COUNTY CLERK-RECORDER,
REGISTRAR OF VOTERS;
MUNICIPAL SERVICES TO
UNINCORPORATED AREAS

❖ ROADWAYS: 304 MILES

❖ FLOOD CONTROL:
❖ PARKS & RECREATION:
270 MILES OF FC CHANNELS
33,000 ACRES OF PARK, OS,

& REC

♦ AVIATION: 8.5 MAP (MILLION ANNUAL

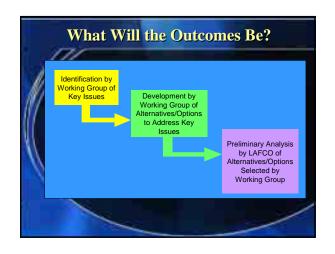
PASSENGERS): 500 ACRE

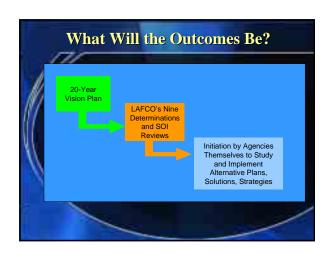
AIRPORT





• Raise awareness about future growth challenges. • Create dialogue about future shared opportunities to provide public services efficiently, equitably, and reliably. • Review and better understand the structures and structural relationships of government agencies.

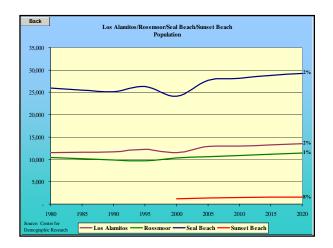


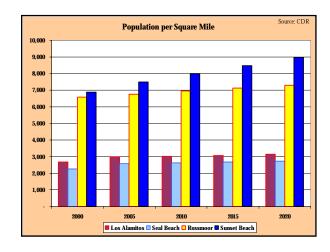


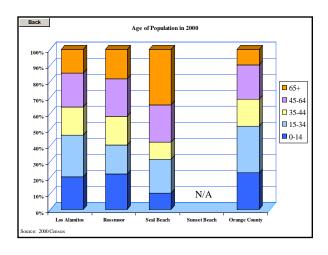
Working Group's Purpose The purpose of the MSR Stakeholder Working Group is to develop a 20-year vision plan which addresses future governance needs and community service delivery issues in the MSR focus area. The vision plan will be based on sound demographic, technical, and fiscal data, and designed to maintain or enhance the quality of life within the MSR focus area.

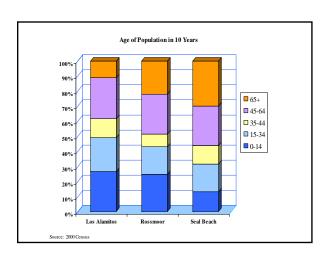




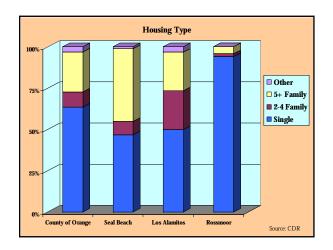




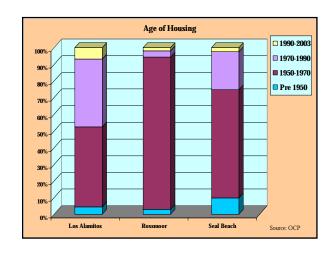




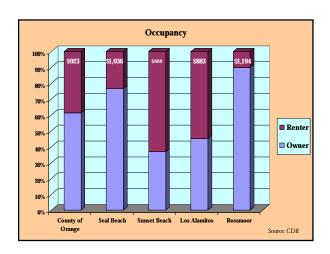








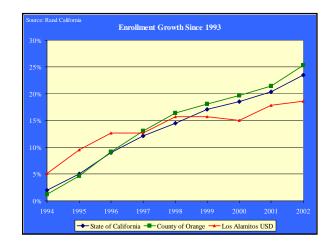


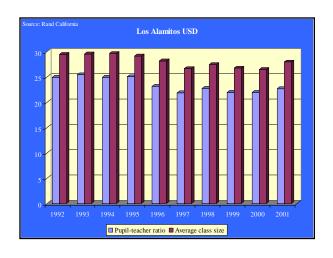


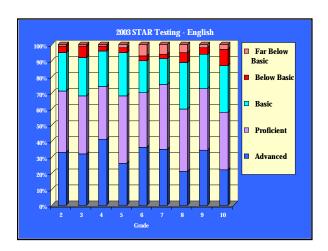


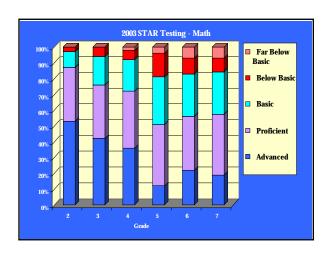


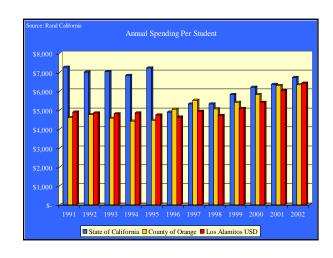


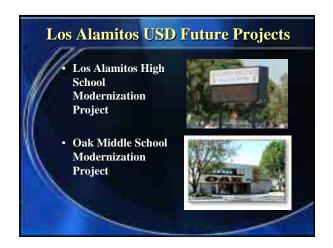




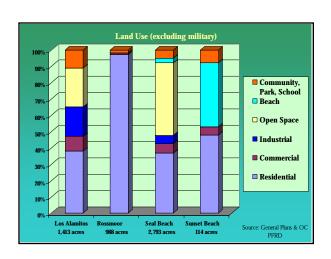










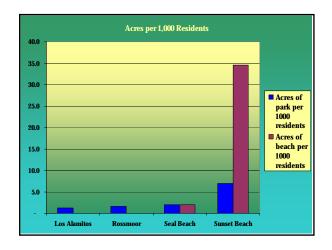


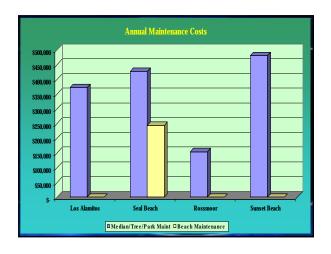


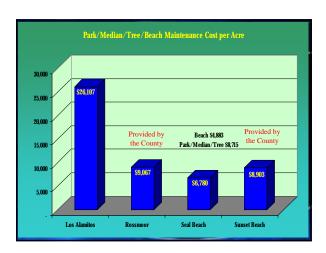








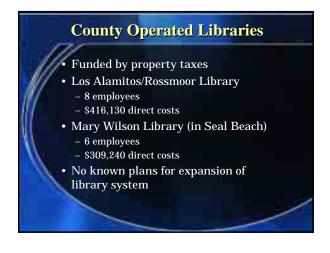








Comparison of Services							
Comparison of Del vices							
Service	Los Alamitos	Seal Beach	Rossmoor	Sunset Beach			
Sports Clubs:							
Acquatics	X	X					
Tennis	X	X	1				
Basketball	X	X					
Skate park		X	1				
Access to sports facilities	X	X	X	X			
Classes	X	X					
Senior Services:							
Meals	X	X	i				
Other services	X	X					
After school programs	X	X					
Special events	X	X	X	X			
Summer camp	X	X	X				
Private parties		X	X	X			
FY 03/04 Budget	\$ 1,182,900	\$ 689,000	\$ 15,000				

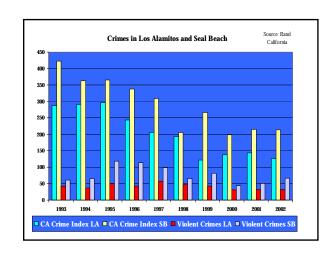








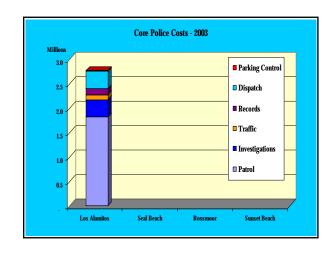




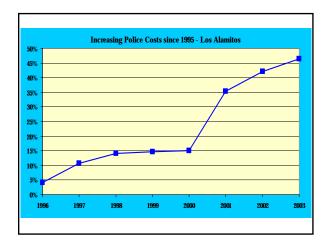
<u>Area</u>	<u>Calls</u>	Officer Initiate
Los Alamitos	9,634	9,909
Seal Beach	n/a	n/a
Rossmoor	n/a	n/a
Sunset Beach	n/a	n/a

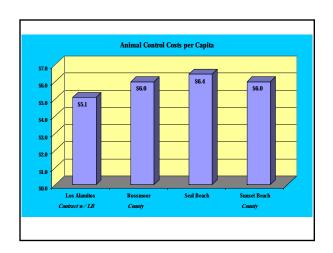
	1	<u>Priorit</u>	<u>y</u>
<u>Area</u>	<u>1</u>	<u>2</u>	<u>3</u>
Los Alamitos	2:50	3:57	6:06
Seal Beach	n/a		
Rossmoor	n/a		
Sunset Beach	n/a		



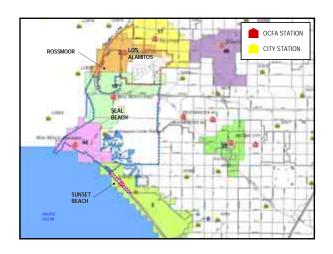


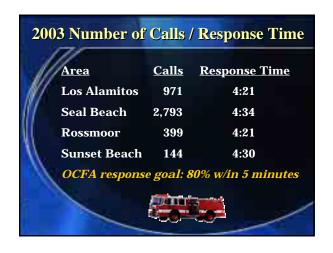




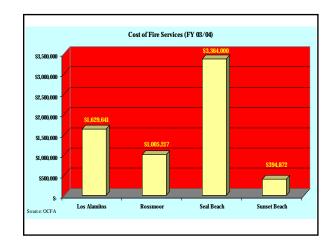


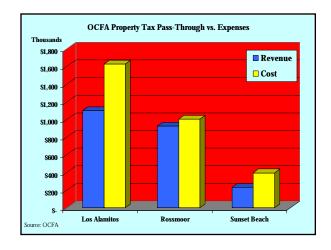




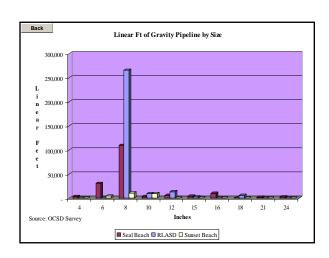


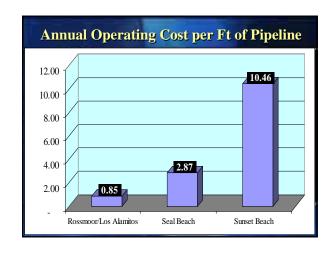










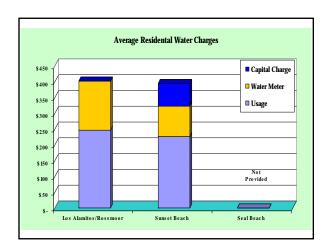


<u>Provider</u>	Residential Average
RLASD	Charge Per Year \$ 0 (prop taxes)
Seal Beach	h Not provided
Sunset Be	ach \$87.80

	Comparison of	f Sewer (Operatio	ons
		RLASD	Seal Beach	SBSD
W	No. of employees	1	3.9	2.5
(()	Service population	23,600	15,750	4,000
11	Pump stations	0	9	2
	FY 02/03 Cost	252,429	444,904	345,295

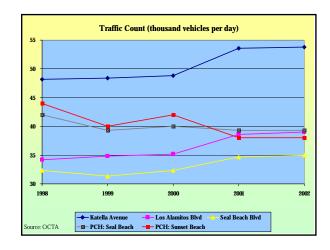
<u>Provider</u>	Residential Average Charge Per Year
RCSD	\$ 191
(CR&R, Inc.)	
Seal Beach (Consolidated V	\$ 168
(Consolidated)	(vaste)
Sunset Beach	\$ 214

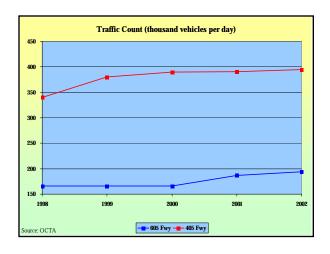


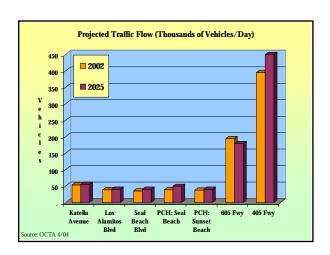






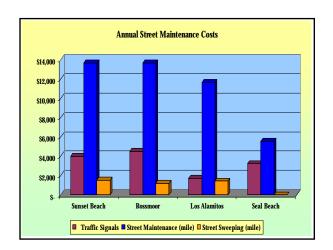


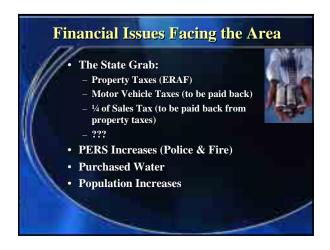


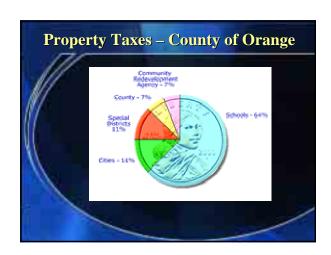


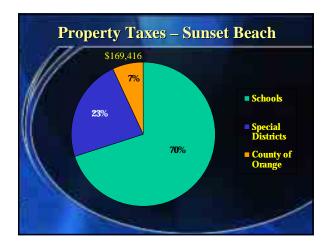


W		Sunset Beach	Rossmoor	Los Alamitos	Seal Beach
	Miles of streets	4	33	33	43
	Number of traffic signals	5	5	18	23
	Number of street lights Maintained by	n/a	17 RCSD	907	n/a

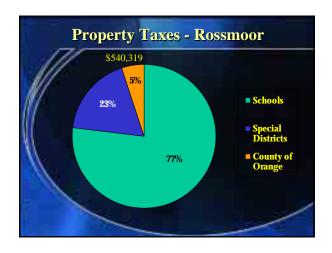
















Attachment 4 Police Comparison Study

(REFER TO "APPENDIX D" OF MSR REPORT)

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION



POLICE SERVICES COMPARISON SURVEY

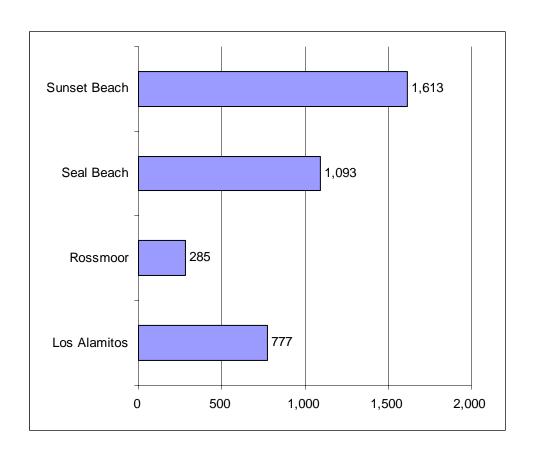
Prepared by Scott P. Bryant & Associates, Management Consultants

November 2004

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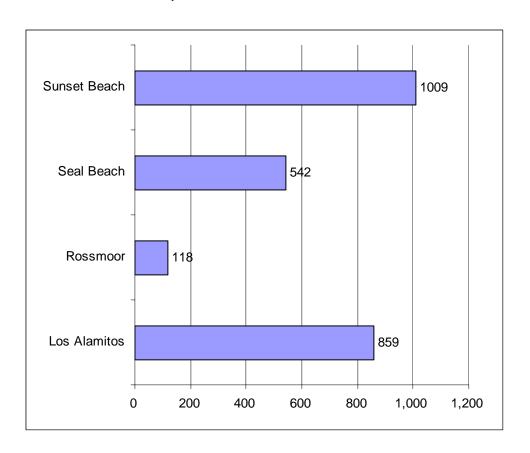
Patrol Services Comparison	
Calls for Service Per 1,000 Population	2
Proactive Field Actions Per 1,000 Population	3
Average Patrol Response Time to Calls for Service	4
Patrol Expenditures Per Capita	5
Investigative Service Comparison	
Reported Part I Crimes Per 1,000 Population	6
Part I Crime Clearance Rate	7
Investigative Expenditures Per Capita	8
Police Services Comparison Survey Results	
Patrol Services	9
Investigative Services	11
Police Services Comparison Survey	Attached

PATROL SERVICES COMPARISON CALLS FOR SERVICE PER 1,000 POPULATION



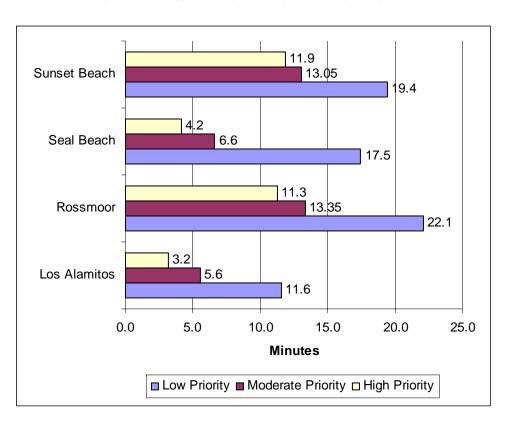
The number of calls from citizens that resulted in police resources being dispatched to the scene to provide some service or assistance.

PATROL SERVICES COMPARISON PROACTIVE FIELD ACTIONS PER 1,000 POPULATION



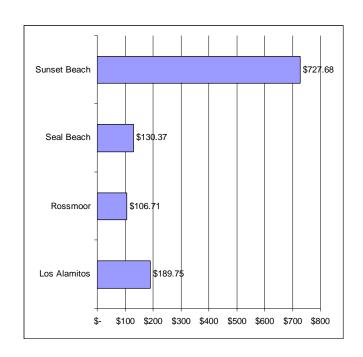
The number of actions initiated in the field by patrol personnel. Examples would be traffic stops, questioning suspicious persons, and other proactive patrol activities.

PATROL SERVICES COMPARISON PATROL RESPONSE TIME TO CALLS FOR SERVICE



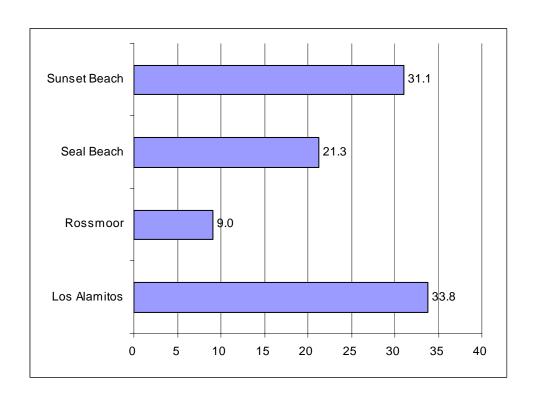
The average amount of time, from the time a call for service is received or the telephone begins ringing in the call center until a unit or other police resource arrives on the scene. High priority calls - the life or property of a citizen is believed to be in imminent danger. Moderate priority calls - require a timely response to but do not involve an imminent danger. Low priority calls - where a response is needed, but the timeliness of the response will have little or no impact on the outcome.

PATROL SERVICES COMPARISON PATROL EXPENDITURES PER CAPITA



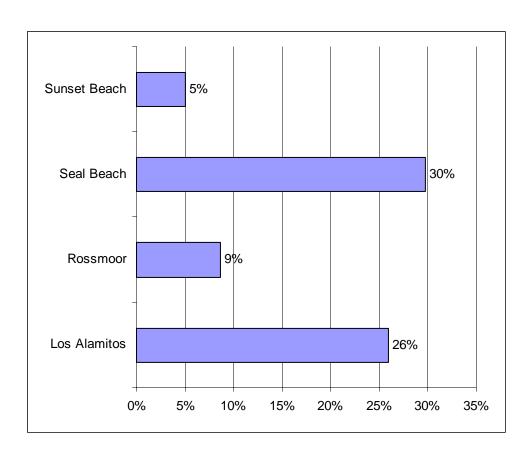
The total amount of actual expenditures on patrol operations including patrol salaries and wages, pension benefits, health benefits, other benefits, and non-personnel expenditures divided by the population of the service area.

INVESTIGATIVE SERVICES COMPARISON REPORTED PART I CRIMES PER 1,000 POPULATION



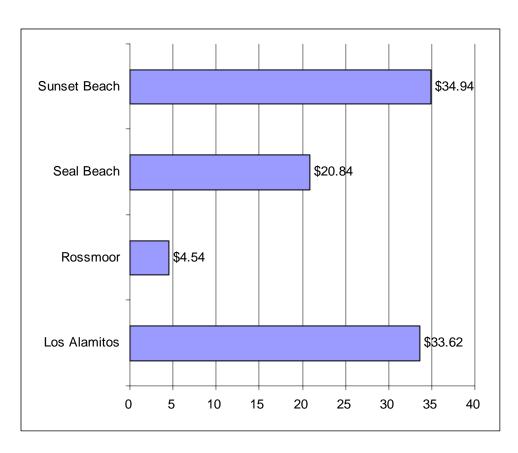
The number of number of Part I crimes reported to the FBI under the Uniform Crime Reporting (UCR) system as committed within the service area. Part I crimes include homicide, forcible rape, aggravated robbery, assault, motor vehicle theft, larceny theft, and arson.

INVESTIGATIVE SERVICES COMPARISON PART I CRIME CLEARANCE RATE



The total percentage of Part I crimes reported to the FBI under the Uniform Crime Reporting (UCR) system as having been cleared by arrest or other means within the service area.

INVESTIGATIVE SERVICES COMPARISON INVESTIGATIVE EXPENDITURES PER CAPITA



The total amount of actual expenditures on investigations including investigator salaries and wages, pension benefits, health benefits, other benefits, and non-personnel expenditures divided by the population of the service area.

Orange County Local Agency Formation Commission Police Services Comparison Survey Patrol Services

	Los Alamitos	Rossmoor	Seal Beach	Sunset Beach
Population	11536	10333	24157	1227
Calls For Service				
High Priority	393	31	686	15
Moderate Priority	3186	639	5238	291
Low Priority	5379	2277	20475	1673
Total	8958	2947	26399	1979
Response Times (In Seconds) High Priority				
Call Receipt to Dispatch	21	186	22	176
Dispatch to Arrival	170	489	228	535
Total Time	191	675	250	711
Moderate Priority				
Call Receipt to Dispatch	99	303	109	377
Dispatch to Arrival	237	498	286	406
Total Time	336	801	395	783
Low Priority				
Call Receipt to Dispatch	327	632	326	579
Dispatch to Arrival	366	694	721	585
Total Time	693	1326	1047	1164
Patrol Self Initiated Field Actions	9909	1221	13103	1238

Notes:

Sheriff's Department - Reported numbers are FY 2003-04 actuals as requested.

Los Alamitos - Reported numbers are FY 2003-04 budgeted for expenditures, CY 2003 for all other.

Seal Beach - Completed comparison survey received November 19.

Orange County Local Agency Formation Commission Police Services Comparison Survey Patrol Services - Continued

Patrol Expenditures				
Salary & Wages	\$1,313,400	\$437,867	\$1,916,979	\$364,889
Overtime	\$195,000	\$27,961	\$193,850	\$23,301
Retirement Benefits	\$118,300	\$222,105	\$758,593	\$185,087
Health Benefits	\$134,900	\$49,723	\$212,454	\$41,436
Other Benefits	\$104,900	\$43,183	\$67,591	\$35,985
Total Patrol Personnel Expenditures	\$1,866,500	\$780,839	\$3,149,467	\$650,698
Patrol Non-Personnel Expenditures	\$217,500	\$278,652	NA	\$242,166
Total Patrol Expenditures	\$2,188,900	\$1,102,674	\$3,149,467	\$892,864
Calls for Service Per 1,000 Population	777	285	1093	1613
Proactive Field Actions Per 1,000 Population	859	118	542	1009
Average Response Times (In Minutes)				
Low Priority	11.6	22.1	17.5	19.4
Moderate Priority	5.6	13.35	6.6	13.05
High Priority	3.2	11.3	4.2	11.9
Patrol Expenditures Per Capita	\$189.75	\$106.71	\$130.37	\$727.68

Notes:

Sheriff's Department - Reported numbers are FY 2003-04 actuals as requested.

Los Alamitos - Reported numbers are FY 2003-04 budgeted for expenditures, CY 2003 for all other.

Seal Beach - Completed comparison survey received November 19.

Orange County Local Agency Formation Commission Police Services Comparison Survey Investigative / Detective Services

	Los Alamitos	Rossmoor	Seal Beach	Sunset Beach
Population	11,536	10,298	24,157	1,288
Reported Part I Crimes	390	93	515	40
Part I Crimes Cleared	101	8	153	2
Reported Part li Crimes	NA	184	NA	226
Part II Crimes Cleared	NA	127	NA	202
Investigations Expenditures Salary & Wages Overtime Retirement Benefits Health Benefits Other Benefits Total Investigations Personnel Expenditures Investigations Non-Personnel Expenditures Total Investigations Expenditures	\$238,600 \$38,000 \$21,500 \$27,600 \$23,200 \$348,900 \$15,700	\$20,376 \$141 \$9,934 \$2,072 \$1,727 \$34,250 \$10,748	NA NA NA NA \$503,314 NA \$503,314	\$20,376 \$141 \$9,934 \$2,072 \$1,727 \$34,250 \$10,748
Part I Crimes Per 1,000 Population	33.8	9.0	21.3	31.1
Part I Crime Clearance Rate	26%	9%	30%	5%
Investigative Expenditures Per Capita	\$33.62	\$4.54	\$20.84	\$34.94

Notes:

Sheriff's Department - Reported numbers are FY 2003-04 actuals as requested.

Los Alamitos - Reported numbers are FY 2003-04 budgeted for expenditures, CY 2003 for all other.

Seal Beach - Completed comparison survey received November 19.

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION



POLICE SERVICES COMPARISON SURVEY

August 2004

PATROL SERVICES FY 2003-04 (July 1, 2003 to June 30, 2004)

Population served by Patrol Services (As reported in the most recent Census.)		
Total Calls Received in Call Center(s) (The total number of calls from citizens received by the Department's call center on both emergency and non-emergency lines. Does not include radio calls to or from police personnel or business calls received outside the Call Center.)		
Total Calls for Service Dispatched (The number of calls from citizens that resulted in police resources being dispatched to the scene to provide some service or assistance. Should not include double or multiple counting in cases where numerous units or other resources were dispatched to the same incident.)	To	cal Calls tched
High Priority Calls for Service Dispatched (The total number of calls that are dispatched as top priority calls, typically because the life or property of a citizen is believed to be in imminent danger.)	Hig Calls Di	h Priority spatched
Moderate Priority Calls for Service Dispatched (The total number of calls that are dispatched that require a timely response to but do not involve an imminent danger.)	Mode Calls Dis	rate Priority spatched
Low Priority Calls for Service Dispatched (The total number of calls that are dispatched as low priority calls, where a response is needed, but the timeliness of the response will have little or no impact on the outcome.	Low Calls Dis	v Priority spatched
Response Times - Average Time from Call Receipt to Dispatch (The average amount of time, measured in seconds, from the time a call for service is received or the telephone begins		seconds
ringing in the call center until a unit or other police resource is dispatched to the scene.)	Moderate Priority	seconds
	Low Priority	seconds
Response Times - Average Time from Dispatch to Arrival (The average amount of time,	High Prio Urban	rity Calls
measured in seconds, from the time a patrol unit or other police resources are dispatched until they arrive on the scene. Urban areas are characterized by high population density and relatively small	Areas	seconds
service areas or "beats", Suburban areas are characterized by lower population density and larger service areas or "beats," Rural areas are characterized by very low population density and very large	Suburban Areas	seconds
service areas or "beats.")	Rural Areas	seconds
	Moderate P	riority Calls
	Urban Areas	seconds
	Suburban Areas	seconds
	Rural Areas	seconds
	Low Prio	rity Calls
	Urban Areas	seconds
	Suburban Areas	seconds
	Rural Areas	seconds

PATROL SERVICES - Continued FY 2003-04 (July 1, 2003 to June 30, 2004)

Patrol Self-Initiated Field Actions (The number of actions initiated in the field by patrol personnel. Examples would be traffic stops, questioning suspicious persons, and other proactive patrol activities. Do not include changes in officer status or routine calls to the Dispatch center.	Field Actions
Staff Assigned to Providing Patrol Services (Those personnel that respond to citizen calls for service, patrol areas, enforce traffic laws, and related services. Provide actual staffing level, not budgeted or planned staffing level.)	Sworn Civilian Lt. Sgt. Cpl. Ofc.
Patrol Hours by Function	
Dispatched Calls for Service Handling Time (The total number of hours spent by Patrol personnel responding to and handling dispatched calls for service,)	Hours
Routine Patrol Services Time (<i>The total number of hours spent by Patrol personnel providing a Police presence by patrolling neighborhoods and areas or in directed patrol activities.</i>)	Hours
Administrative Time (The total number of hours spent by Patrol personnel writing reports, attending briefings, going to Court, and related activities.)	Hours
Other Time (The total number of hours spent by Patrol personnel in other activities including attending training, time off, and similar activities.)	Hours
Total Patrol Personnel hours	Hours
Patrol Expenditures by Type	
Salary and Wage Expenditures (The total amount of actual expenditures on Patrol personnel for salaries and wages,)	\$
Patrol Overtime Expenditures (The total amount of actual expenditures for Patrol personnel for patrol related overtime.)	\$
Retirement Benefit Expenditures (The total amount of actual expenditures for Patrol personnel for retirement benefits, including payments to PERS or other retirement system.)	\$
Health Benefit Expenditures (The total amount of actual expenditures for Patrol personnel for medical, dental, vision, or other health related employee benefits.)	\$
Other Benefit Expenditures (The total amount of actual expenditures for Patrol personnel for other employee benefits. Please describe these other employee benefits.	\$
Total Patrol Personnel Expenditures	\$
Non-Personnel Patrol Expenditures (The total amount of actual expenditures on services and supplies to support Patrol operations. Should include vehicles, gas, maintenance, safety equipment, communications equipment, etc.)	\$
Total Patrol Services Expenditures	\$

TRAFFIC SERVICES FY 2003-04 (July 1, 2003 to June 30, 2004)

Population served by Traffic Services (As reported in the most recent Census.)		
Traffic Accidents by Type (As reported to the State-wide Integrated Traffic Records System / SWITRS)		
Fatal Collisions		
Injury Collisions		
Property Damage Only Collisions		
Staff Assigned to Providing Traffic Services (Include personnel whose primary responsibility is enforcing traffic laws and investigating traffic accidents.)	Sworn	Civilian
Traffic Expenditures by Type		
Salary and Wage Expenditures (The total amount of actual expenditures on Traffic personnel for salaries and wages,)	\$	
Traffic Overtime Expenditures (The total amount of actual expenditures for Traffic personnel for Traffic related overtime.)	\$	
Retirement Benefit Expenditures (The total amount of actual expenditures for Traffic personnel for retirement benefits, including payments to PERS or other retirement system.)	\$	
Health Benefit Expenditures (The total amount of actual expenditures for Traffic personnel for medical, dental, vision, or other health related employee benefits.)	\$	
Other Benefit Expenditures (The total amount of actual expenditures for Traffic personnel for other employee benefits. Please describe these other employee benefits.	\$	
Total Traffic Personnel Expenditures	\$	
Non-Personnel Traffic Expenditures (The total amount of actual expenditures on services and supplies to support Traffic operations. Should include vehicles, gas, maintenance, safety equipment, communications equipment, etc.)	\$	
Total Traffic Services Expenditures	\$	

INVESTIGATIVE / DETECTIVE SERVICES FY 2003-04 (July 1, 2003 to June 30, 2004)

Population served by Detective Services (As reported in the most recent Census.)		
Total Part I Crimes Reported by Your Department (The total number of Part I crimes reported to the FBI under the Uniform Crime Reporting (UCR) system as committed within the Department's service area.)		
	l	
Part I Crime Case Clearance Rate (The total number of Part I crimes reported to the FBI under the Uniform Crime Reporting (UCR) system as having been cleared by arrest or other means within the service area.)		
	ı	
Total Part II Crimes Reported by Your Department (The total number of Part II crimes reported to the FBI under the Uniform Crime Reporting (UCR) system as committed within the Department's service area.)		
Part II Crime Case Clearance Rate (The total number of Part II crimes reported to the FBI under the Uniform Crime Reporting (UCR) system as having been cleared by arrest or other means within the service area.)		
Staff Assigned to Providing Investigative / Detective Services (Include personnel whose primary responsibility is investigating crimes.)	Sworn	Civilian
Investigations Expenditures by Type		
Investigations Expenditures by Type Salary and Wage Expenditures (The total amount of actual expenditures on Investigations personnel for salaries and wages,)	\$	
Salary and Wage Expenditures (The total amount of actual expenditures on Investigations	\$	
Salary and Wage Expenditures (The total amount of actual expenditures on Investigations personnel for salaries and wages,) Investigations Overtime Expenditures (The total amount of actual expenditures for	·	
Salary and Wage Expenditures (The total amount of actual expenditures on Investigations personnel for salaries and wages,) Investigations Overtime Expenditures (The total amount of actual expenditures for Investigations personnel for Investigations related overtime.) Retirement Benefit Expenditures (The total amount of actual expenditures for Investigations	\$	
Salary and Wage Expenditures (The total amount of actual expenditures on Investigations personnel for salaries and wages,) Investigations Overtime Expenditures (The total amount of actual expenditures for Investigations personnel for Investigations related overtime.) Retirement Benefit Expenditures (The total amount of actual expenditures for Investigations personnel for retirement benefits, including payments to PERS or other retirement system.) Health Benefit Expenditures (The total amount of actual expenditures for Investigations	\$	
Salary and Wage Expenditures (The total amount of actual expenditures on Investigations personnel for salaries and wages,) Investigations Overtime Expenditures (The total amount of actual expenditures for Investigations personnel for Investigations related overtime.) Retirement Benefit Expenditures (The total amount of actual expenditures for Investigations personnel for retirement benefits, including payments to PERS or other retirement system.) Health Benefit Expenditures (The total amount of actual expenditures for Investigations personnel for medical, dental, vision, or other health related employee benefits.) Other Benefit Expenditures (The total amount of actual expenditures for Investigations	\$ \$ \$	
Salary and Wage Expenditures (The total amount of actual expenditures on Investigations personnel for salaries and wages,) Investigations Overtime Expenditures (The total amount of actual expenditures for Investigations personnel for Investigations related overtime.) Retirement Benefit Expenditures (The total amount of actual expenditures for Investigations personnel for retirement benefits, including payments to PERS or other retirement system.) Health Benefit Expenditures (The total amount of actual expenditures for Investigations personnel for medical, dental, vision, or other health related employee benefits.) Other Benefit Expenditures (The total amount of actual expenditures for Investigations personnel for other employee benefits. Please describe these other employee benefits.	\$ \$ \$ \$	
Salary and Wage Expenditures (The total amount of actual expenditures on Investigations personnel for salaries and wages,) Investigations Overtime Expenditures (The total amount of actual expenditures for Investigations personnel for Investigations related overtime.) Retirement Benefit Expenditures (The total amount of actual expenditures for Investigations personnel for retirement benefits, including payments to PERS or other retirement system.) Health Benefit Expenditures (The total amount of actual expenditures for Investigations personnel for medical, dental, vision, or other health related employee benefits.) Other Benefit Expenditures (The total amount of actual expenditures for Investigations personnel for other employee benefits. Please describe these other employee benefits. Total Investigations Personnel Expenditures Non-Personnel Investigations Expenditures (The total amount of actual expenditures on services and supplies to support Investigations operations. Should include vehicles, gas, maintenance,	\$ \$ \$ \$	

ATTACHMENT 5 FORMATION OF COMMUNITY SERVICES DISTRICT (CSD)

(GOVERNMENT CODE SECTIONS 61000-61934)

FORMATION OF A COMMUNITY SERVICES DISTRICT (CSD)

(Sections 61000-61394. Government Code)

Formation

The formation process for forming a CSD may be initiated by presenting to Orange County LAFCO a petition signed by at least 10% of the registered voters residing in the area to be included in the district (61103), or by presenting to LAFCO a resolution of application from the legislative body of any county or city, which contains territory to be included in the district (61106).

Prior to circulating the petitions, the proponent shall file with the LAFCO Executive Officer a Notice of Intention that includes the name and mailing address of the proponent and a written statement, not to exceed 500 words in length, setting forth the reasons for the proposal (Government Code Section 56700.4).

In addition to the above requirement, prior to circulating petitions, the chief petitioners must: (1) publish Notice of Intention in a newspaper within the territory proposed to be included in the district (if the territory of the district is located in more than one county, notice must be published in a newspaper in each of the counties); and (2) within five days after the date of publication, file with LAFCO a copy of the notice and an affidavit from the newspaper certifying publication (61102). Within six months of filing the affidavit, the petitions are filed with the LAFCO of the principal county (61104).

After the formation proceedings have been initiated, LAFCO must conduct a noticed public hearing. After hearing public testimony, the Commission may approve, modify, or deny the proposed formation. If it is approved, the Commission also will adopt terms and conditions for the formation, and establish a sphere of influence for the new district. Then the proposed formation is scheduled for a conducting authority hearing where no further modifications may be made.

If Orange County LAFCO approves the formation of the district, the Commission, acting as the conducting authority, shall call and give notice of an election to be held in the area of the proposed district. After the election, if the majority of the votes cast favor the formation, the district shall be formed (61110 & 61117).

If the Commission of the principal county finds that the petition filed with LAFCO has been signed by not less than 80% of the registered voters residing within the area to be included in the district, the Commission may dispense with an election, adopt the resolution declaring the district organized, and designate the members of the board of directors (61111). The formation election may be combined with a proposal for adoption by the voters of a special tax and presented to the voters as a single ballot proposition. If both proposals are presented as a single ballot proposition, the district

shall not be formed and the special tax shall not take effect unless the proposition is approved by two-thirds of the voters voting on the proposition (61116).

Functions

The specific powers that the CSD board of directors may exercise are (61600):

- 1. Supply inhabitants of the district with water for domestic, irrigation, sanitation, industrial, fire protection, and recreation use;
- 2. Collection, treatment, or disposal of sewage, and waste and storm water;
- 3. Collection or disposal of garbage or refuse matter;
- 4. Protection against fire;
- 5. Public recreation and parks, playgrounds, golf courses, etc.;
- 6. Street lighting;
- 7. Mosquito abatement;
- 8. Police protection an other security services;
- 9. Library buildings and library services;
- 10. Street improvement, maintenance, and repair (subject to consent of governing body of city or county in which improvements are made). (Note: landscape maintenance may be provided in the area to be maintained is in the right-of-way of a road that is being maintained.);
- 11. Construction and improvement of bridges, culverts, curbs, gutters, and drains (subject to the consent limitations of item 10 above).
- 12. Conversion of overhead electric and communications facilities to underground locations when such facilities are owned and operated by a "public utility" or "public agency," subject to consent of the public utility or public agency responsible for such facilities.
- 13. Contract for ambulance service if a majority of the voters in the district voting in an election thereon, approve;
- 14. Provide and maintain public airports and landing places for aerial traffic;

- 15. Provide transportation services;
- 16. Abate graffiti;
- 17. Construct, maintain, and operate flood control facilities subject to the following conditions: (a) the facilities are not within the authority of another public agency, except that the public agency and the district are not precluded from entering into agreements for the district to provide those services; and (b) the governing body of the city or county in which the services are to be provided by the district has consented to the district providing those services; and
- 18. Establish improvement districts (61710).

After formation, should the district's board of directors determine that it is feasible, economically sound, and in the public interest for the district to exercise its powers for additional purposes not designated in the original formation petition, the board may submit to the district voters the questions of whether the district should perform such additional purposes (61601). Any additional purposes must be approved by LAFCO.

Governing Body

The governing body of a CSD may be appointed or elected, and is composed of a three or five-member board of directors. The method of selection and the number of directors will be set forth in the petition of formation. The initial board of directors of a district formed on or after January 1, 1990, and containing only unincorporated territory in a single county, may be elected or appointed by the Board of Supervisors, which may appoint itself. Representation on the board of directors of districts containing territory in more than one county, containing only incorporated territory, or containing a combination of incorporated and unincorporated territory will vary according to the territory included (61101 & 61120).

If formed pursuant to a consolidation or reorganization of two or more districts into a single district, LAFCO may increase the number of directors of the consolidated or reorganized district to 7, 9, or 11. As terms expire, the number of directors shall be reduced through attrition until the number of directors is in conformance with the number of specified by LAFCO (61210.1).

ATTACHMENT 6 ACTIVATION OF DISTRICT LATENT Powers

DISTRICT LATENT POWERS

Latent powers are those powers authorized by the principal act under which the district was formed, but not currently exercised.

Background

Prior to the enactment of AB 2838 (Cortese-Knox-Hertzberg Local Government Act of 2000), special district representation on LAFCO was contingent upon the districts giving up their right to exercise latent powers without LAFCO approval. AB 2838 removed this requirement and authorized the seating of special districts without latent powers restrictions. However, the measure retained LAFCO's ability to regulate special district latent powers as a component of the sphere of influence process (56425). Latent power procedures were further amended by AB 948, which became effective January 1, 2002. AB 948 retained the requirement that LAFCO catalog the services provided by special districts as part of the sphere of influence process, but added a new section (56824.12) dealing exclusively with the process of exercising a new or different function or class of services by special districts.

Latent Powers Procedure

- 1. A proposal to provide a new or different function of class of services must be made by the adoption of a resolution of application by the legislative body of a special district. Prior to submitting a resolution, the legislative body of the district shall conduct a public hearing on the resolution. Following the public hearing, the clerk of the legislative body shall file a certified copy of the resolution with the LAFCO Executive Officer. The resolution must include all of the information specified for a petition (see 56700) and must include a plan for services pursuant to 56653. The plan for services must also include (56824.12):
 - A. The total estimated cost to provide the new or different function or class of services:
 - B. The estimated costs of the new or different function or class of service to customers;
 - C. An identification of the existing providers and the potential fiscal impacts to the customers of the existing providers;
 - D. A plan for financing the new or different function or class of service; and
 - E. Alternatives for the establishment of the new or different function or class of service

LAFCO - Commission Proceedings

The Commission shall conduct a public hearing and shall review and approve or disapprove with or without amendments, wholly, or partially, or conditionally the proposal for the establishment of a new or different function or class of service. In approving a new or different function of class of service, LAFCO may restrict the

provision of the new or different function or class of service to a geographically specific area within the district. If the Commission imposes this restriction, any subsequent extension or enlargement of the service area will be subject to LAFCO review.

Conducting Authority Protest Proceedings

There are no protest proceedings in conjunction with the establishment of a new or different function or class of service, or the extension or enlargement of the service area.

$\frac{\mathcal{A}_{\mathsf{TTACHMENT}}_{\mathsf{7}}$ - J_{OINT} p_{OWERS} $\mathcal{A}_{\mathsf{UTHORITY}}$

Joint Powers Authority

(prepared by Best Best & Krieger, LLP)

Government Code Section 6500 et seq.

The Joint Exercise of Powers Act, Government Code section 6500 et seq. (the "Act") sets forth the statutory requirements for the creation of joint powers agencies. Essentially, the Act permits public agencies to enter into a joint powers agreement to form a separate governmental entity for a specific purpose. Government Code Section 6500 defines the term "public agency," for purposes of the Act. The term "includes, but is not limited to, the federal government or any federal department or agency, this state, another state or any state department or agency, a county, county board of education, county superintendent of schools, *city*, public corporation, *public district*, or regional transportation commission of this state or another state." (Govt. Code § 6500, emphasis added.)

Pursuant to the Act, "two or more public agencies by agreement may jointly exercise any power common to the contracting parties." (Govt. Code § 6502.) Furthermore, "it shall not be necessary that any power common to the contracting parties be exercisable by each such contracting party with respect to the geographical area in which such power is to be jointly exercised." (Id.) Any agreement entered pursuant to the Act must state the purpose of the agreement or the power to be exercised and must provide for the method by which the purpose will be accomplished or the manner in which the power will be exercised. (Govt. Code Section 6503.) Whenever a separate legal entity is created under a joint powers agreement, the new entity (the "Joint Powers Agency"), must notify the Secretary of State within thirty (30) days after the effective date of the agreement.

A separate Joint Powers Agency possesses all of the common powers specified in the joint powers agreement. Moreover, the Joint Powers Agency has the power to sue and be sued in its own name, if it is authorized in its own name, to do any of the following:

"To make or enter into contracts, or to employ agents and employees, or to acquire, construct, manage, maintain or operate any building, works or improvements, or to acquire, hold or dispose of property or to incur debts, liabilities or obligations." (Govt. Code § 6508.)

The power of the Joint Powers Agency, however, is subject to the "restrictions upon the manner of exercising the power of one of the contracting parties, which party shall be designated by the agreement." (Govt. Code § 6509.) In other words, the joint powers agreement must delineate the common powers of the entities party to the joint powers agreement that the parties of the Joint Powers Agency intend to exercise together. Further, the joint powers agreement may also delineate a statutory scheme under which it wishes the Joint Powers Agency to operate.

Attachment 8 Changes in Local Government Funding

(REFER TO "APPENDIX E" OF MSR REPORT)



Engineering, Planning,

Environmental Sciences and

Management Services

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December 2004

CHANGES IN LOCAL GOVERNMENT FUNDING

Prepared by Dudek and Associates, Inc.

The funding structure for local government, including cities, counties and special districts, significantly changed in 2004. The budget act of 2004, and subsequently Proposition 1a, instituted a number of changes in how local revenues are allocated both permanently and temporarily to help the State deal with the ongoing budget crisis. The four primary tax and revenue funds involved are Sales and Use Tax, Vehicle License Fees (VLF), property taxes, and Educational Revenue Augmentation Funds (ERAF). Cities, counties, special districts and redevelopment agencies will be contributing \$1.3 billion each year for two years (FYs 04-05 and 05-06) to help the State's finances. This \$2.6 billion in local revenue will <u>not</u> be repaid to any of the agencies.

Bradley Burns Local Sales and Use Tax

In March 2004, voters approved a bond measure to finance the State's deficit. This measure, Proposition 57, gives cities and counties property tax payments in lieu of the ¼ cent sales tax they would normally receive. The reduction in the local sales tax is accompanied by an increase in a special state rate specifically designated for bond repayment. The State Board of Equalization determines the compensation amounts for each city and county, and County Auditors transfer the funds from the countywide ERAF to the local agencies. School agencies are fully compensated for the reduced ERAF by the State's General Fund. This process is generally referred to as the "Triple Flip" and became effective July 1, 2004. The amount received as "*property taxes in lieu of sales tax*" will increase each year based on the growth in sales and use tax revenue for each jurisdiction. This is expected to yield \$1.2 billion annually for the State's Fiscal Recovery Fund. With the approval of Proposition 1a, cities and counties are guaranteed the return of the ¼ cent sales tax when the Proposition 57 bonds are retired.

Vehicle License Fees

In 2004, the State permanently reduced the Vehicle License Fee (VLF) from 2.0% to 0.65% of the value of the vehicle. Previously, the State was offsetting 67.5% of the tax through the General Fund, so the effective tax rate for local agencies remains the same. However, \$4.1 billion in backfill revenue that the State previously would have given counties and cities has been eliminated and replaced with property taxes, on a dollar-for-dollar basis. (The VLF backfill from FY 03-04 will still be repaid in FY 06-07.) The 0.65% VLF fees that are collected will be used to fully fund current health and welfare programs primarily provided by counties.

The remaining revenue will be used to reimburse the State for program administrative charges and \$54 million in funding for Orange County's debt service. The balance will be allocated to cities on a per capita basis. VLF funding will increase annually based on changes in VLF revenue and each jurisdiction's population growth relative to growth in all cities in the state.

The "property taxes in lieu of VLF" compensation will be calculated by the Department of Finance (DOF) based on the jurisdiction's expected VLF backfill allocation prior to the change. Going forward, FY 04-05 will be used as the base year; subsequently, each city's and county's property tax in lieu of VLF reimbursement amount will increase in proportion to the change in gross assessed valuation of real property for the jurisdiction.

From FY 04-05, unincorporated areas that want to form a new city will no longer receive the VLF "bump", or three times the number of registered voters in the incorporating area, as a boost to the new city. This, along with the provisions of revenue neutrality, will likely prevent future incorporations. Annexations are treated somewhat differently. The legislature adopted AB2115, which provides for no "property tax in lieu of VLF" to replace lost VLF revenue in annexation areas. The fiscal viability of annexations may be negatively impacted, depending on the extent of development of the land at the time of the annexation. The more vacant the land, the more future property tax revenue growth potential, and the more property tax revenue growth captured by the annexing jurisdiction.

Funding from "property taxes in lieu of VLF" will be reduced by \$700 million for cities and counties in FYs 04-05 and 05-06 as described below. Full funding allocations will be restored in FY 06-07.

Educational Revenue Augmentation Funds

Proposition 98 required the State to fund education at specified levels. In order to meet this obligation, the State enacted legislation that caused local government to bear some of the financial responsibility for this mandate. County Auditors were directed to establish Educational Revenue Augmentation Funds (ERAF) by transferring a portion of local property tax revenues from local government into the fund. ERAF supports school districts, county offices of education, and community college districts. The first ERAF shift of \$1.3 billion occurred in FY 92-93. ERAF III for FYs 04-05 and 05-06 includes \$1.3 billion each year, with the burden allocated as follows:

ERAF III Annual Contribution

Counties	\$350 million
Cities	\$350 million
Special Districts	\$350 million
Redevelopment Agencies	\$250 million
Annual Total (04-05/05-06)	\$1.3 billion

The basis varies for determining the amount an individual county, city or district will contribute. County contributions are based on each county's share of VLF revenues. City contributions are based on shares of sales tax, property tax, and VLF revenues. The minimum city contribution is 2% of its general fund revenues and the maximum is 4%, as reported in the FY 01-02 State Controller's city report.

Special district contributions have two levels: enterprise districts will contribute 40% of property tax revenues and non-enterprise agencies will contribute 10% of property tax revenues. The maximum contribution by any special district is 10% of total revenues. Transit districts will contribute up to 3% of their property tax revenues. Mosquito abatement districts are exempted, as well as fire, police, hospital/health care, library and veterans' memorial districts.

Redevelopment agencies will collectively contribute \$125 million based on gross tax increment and \$125 million based on net tax increment. Agencies may be granted an extension based on the remaining life of the redevelopment agency.

The cities and counties will make their "contribution" through a reduction in the amount they receive from the State for "property taxes in lieu of VLF". The special districts will contribute directly to their county's ERAF.

The DOF calculates the amount each special district must contribute; the County Auditor-Controller will reduce each agency's tax increment by this amount and transfer the funds into the ERAF. Because the ERAF contribution is based on property tax revenues from two years ago, there may be instances where a district's current tax increment is not sufficient to cover the required ERAF contribution if revenues have declined recently.

Local agencies will receive their full tax increment again beginning in FY 06-07.

Proposition 1a

In November 2004, Proposition 1a was approved by voters to establish constitutional protection for local revenues in the future. The aggregate amount of city, county, special district and redevelopment property tax revenues collected within each county are protected as follows:

- Future property taxes cannot be shifted by the Legislature to ERAF or schools, or be used to support state-mandated programs, or for any other purpose.
- Each local government's property tax revenues are protected at current levels, unless reallocated by a 2/3 vote of the Legislature. No reallocations may occur until FY 08-09.

Suspension of this constitutional protection can only occur if the Governor declares a "significant financial hardship". The Legislature must approve it by a 2/3 vote on a bill that is separate from the State's budget bill. If the suspension is enacted, several requirements will be placed on how local revenues are treated:

- Revenue shifts made at the time of the suspension will be considered a loan
- Aside from the \$2.6 billion contributed in FY 04-05 and 05-06, no borrowing or shifting may occur again until FY 08-09.
- No borrowing or shifting may occur more than twice within any 10-year period.
- No borrowing or shifting may occur if previous suspension loans or the VLF Gap loan (from FY 03-04) have not been repaid.
- Loans may not exceed 8% of non-education property tax revenues (generally equivalent to \$1.3 billion in 2003-04 property tax revenues).
- The Legislature is constitutionally required to pass a statute to fully repay the loan with interest within three fiscal years.

In addition, the State is required to fund or suspend state-mandated local programs and bans the use of property tax revenues to reimburse these programs.

Funding Summary

runding Summary		
Change	Impact to Local Government	Impact to State
1/4 cent local sales tax (cities/counties)	- \$1.2 billion	+ \$1.2 billion
Return of "property tax in lieu of sales tax" from county ERAF	+ \$1.2 billion	- \$1.2 billion paid to county ERAF
Elimination of VLF backfill	- \$4.1 billion	+ \$4.1 billion (no revenue; relieves State of former liability to local governments)
Return of "property tax in lieu of VLF" from county ERAF	+ \$3.4 billion	– \$3.4 billion
Net Contribution to State General Fund from cities/counties	– \$700 million	+ \$700 million
Contribution of special districts and redevelopment agencies to ERAF	– \$600 million	+ \$600 million (relieves State's financial responsibility for mandated education funding levels)

It should be noted that the \$4.1 billion in property tax exchanged for VLF backfill and the \$1.2 billion in property tax exchanged for sales tax will be paid out of the county ERAF. In some counties, the ERAF will not be sufficient to cover the in-lieu payments. In this case, the County Auditors will shift the necessary funds from school shares and the school entities will be compensated from the State's General Fund.

Sources:

www.californiacityfinance.com
www.californiataxdata.com
California Special Districts Association, www.csda.net
League of California Cities, www.cacities.org
Legislative Analyst's Office, "California Spending Plan 2004-05". www.lao.ca.gov
Senate Local Government Committee (Jennifer Swenson, Consultant)